

TOP SECRET

14 JAN 1949

888

GENERAL

1. US urges definitive Berlin action--The Department of State has given the British and French Ambassadors in Washington a memorandum expressing the US view that the deteriorating situation in Berlin requires prompt action and that the US counterproposal, providing for the possible use of Soviet currency in Berlin, is the only practicable solution. The US memorandum strongly urges the UK and France to consent to the introduction of the western mark by 30 January if a minimum solution along the lines of the US counterproposal is not accepted by the USSR prior to that date. The memorandum indicates that if the three western powers are unable to reach agreement concerning the introduction of the western mark, the US will be obliged to consider what action it must take to protect itself against further drain on the resources of western Germany.

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Meanwhile, the Department of State has authorized US Representative Knapp to express to the Security Council's Technical Committee in Geneva the view that the US counterproposal represents the only basis for the use of the Soviet Zone mark.

2. US views on Palestine settlement--The Department of State has informed US Embassy London that the British Ambassador in Washington, under the personal instructions of Foreign Secretary Bevin, recently requested a clear statement of US views on a final territorial settlement in Palestine in the light of common US-UK strategic interests in the Middle East. Bevin was particularly interested in ascertaining the US attitude toward the maintenance of strategic land communications between Egypt and the other Arab states, specifically the road from the Negeb to Transjordan. Acting Secretary Lovett

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